

Message Text

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PAGE 01 TEL AV 04063 261218Z

45

ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-03 H-02

INR-07 L-03 NSAE-00 NSC-05 PA-02 PRS-01 SP-02 SS-15

USIA-15 EB-07 COME-00 TRSE-00 XMB-04 FRB-01 CEA-01

OMB-01 (ISO) W

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R 261145Z JUN 75

FM AMEMBASSY TEL AVIV
TO SECSTATE WASHDC 7285
INFO AMEMBASSY LONDON

UNCLAS TEL AVIV 4063

E.O. 11652: N/A

TAGS: EFIN, IS

SUBJ: ISRAEL-BRITISH BANK (IBB)

REF: TEL AVIV 2869 AND PREVIOUS

1. GOI RECENTLY DECIDED TO MERGE ASSETS OF IBB (ISRAEL)
AND IBB (LONDON) WHICH WILL NOW BE JOINTLY DISTRIBUTED
AMONG CREDITORS OF BOTH BANKS, PRESS REPORTS. ACCORDINGLY,
BANK OF ISRAEL (BOI) DECIDED TO ABANDON ITS CLAIM TO
30 MILLION DEUTCH MARKS WHICH IT DEPOSITED WITH IBB
(LONDON). RECEIVERS OF IBB IN ISRAEL AND UK
WILL THUS COOPERATE IN MINIMIZING LOSS TO CREDITORS
WHO WILL REPORTEDLY RECOVER 35 PERCENT OF THEIR FUNDS.
HAD GOI NOT TAKEN THIS STEP, CREDITORS OF UK BRANCH WOULD
HAVE REGAINED ONLY 20 PERCENT OF THEIR DEPOSITS
WHEREAS THOSE IN ISRAEL WOULD HAVE RECEIVED 45 PERCENT.

2. IBB DEBTS IN UK ARE SAID TO REACH IL 625 MILLION,
AND THOSEIN ISRAEL IL 600 MILLION. RECEIVERS' ASSETS
ARE ESTIMATED AT IL 125 MILLION IN UK AND IL 250 MILLION
IN ISRAEL. BY TAKING THIS DECISION, GOI HAS
REVERSED ITS EARLIER POSITION OF ACCEPTING RESPONSIBILITY

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PAGE 02 TEL AV 04063 261218Z

ONLYFOR IBB LOSSES IN ISRAEL. BANK OF ENGLAND

IS REPORTEDLY WILLING TO CONTRIBUTE THREE MILLION
POUNDS STERLING FOR JOINT COMPENSATION FUND.

3. FINANCE MINISTRY AND BOI SPOKESMEN HAVE DENIED
REPORTS THAT PRESSURE BY AMERICAN CREDITORS BACKED BY
CONGRESSMEN HAD ANY INFLUENCE ON GOI DECISION. HOWEVER,
PRESIDENT OF MERCHANTS' NATIONAL BANK OF INDIANA,
DONALD TENSOL IS IN ISRAEL NOW AND NEGOTIATING WITH GOI
ON BEHALF OF AMERICAN BANKS AND OTHER CREDITORS.
VELIOTES

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